The Conference Board

Serving Business and Society for 75 Years

A Monthly Report from the Consumer Research Center November 1991

Consumer Confidence Survey

October Results

Confidence Down Sharply

The Index of Consumer Confidence (1985=100), which had been edging down over the past six months, fell sharply in October. The current Index reading is 60.4, down a sizeable 12.5 points for the month. Consumer confidence is now clearly at a recession level. In the October survey, respondents are substantially more negative than in September, both in their assessment of the prevailing situation and in their expectations for the next six months.

In the latest survey, less than 10 percent of all respondents report that business conditions are "good," while more than four times as many say that they are "bad." Both these readings are less positive than those of the month before. Also, the public's view of the prevailing employment situation is a lot more negative than previously. Now, a mere 5.7 percent say that jobs are "plentiful," while over 43 percent say that they are "hard to get." This is a more dreary assessment than in a very long time.

In looking ahead to the next six months, consumers are also considerably less sanguine than only a month ago. Fewer respondents than last time expect business conditions to improve. On the issue of employment, there was a sharp rise in the number that fear there will be "fewer jobs" in the months ahead, and a drop in the proportion that anticipate "more jobs." Pessimists outnumber optimists on this issue by a large margin. In October, there was also a rise in the number of those that fear their family's income will decrease over the next six months.

Buying plans are mixed. Intentions to buy a car have risen for the second consecutive month. Plans to purchase a home are substantially unchanged. Interest in acquiring a major appliance is down for the month.

The Board's Consumer Confidence Index is classified as a leading economic indicator by the U.S. Department of Commerce. The history of this series as a business-cycle indicator is carried in that agency's monthly publication, Survey of Current Business.

The measure of consumer confidence has now dropped to a reading that is historically associated with recessions. In the trough of the 1982 recession, the Index registered a low of 54. The present Index reading is only 6 points higher. At this moment, the reasons for the abrupt sag in the consumer's spirits in October are still not clear. However, consumers are on the front line of the economy and have an impressive record of quickly sensing changes in the pace of business activity. It is highly likely that, when October business statistics become available, we will find it has been a much troubled month. The message is loud and clear: the nation's consumers are apprehensive.

Fabian Linden

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

Business Employment Income

All series seasonally adjusted	1990 Oct.	Nov.	Dec.	1991 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep(r)	Oct(p)
Composite Series: Index Numbers, 1985=100													
Consumer Confidence Index	62.6	61.7	61.2	55.1	59.4	81.1	79.4	76.4	78.0	77.7	76.1	72.9	60.4
Present Situation	73.2	70.3	63.3	54.7	53.1	51.7	48.9	47.8	43.7	43.8	45.1	39.1	31.7
Expectations	55.6	56.1	59.8	55.3	63.6	100.7	99.7	95.5	100.9	100.3	96.8	95.4	79.6
Appraisal of Present Situation: Percent													
Business Conditions													
Good	14.2	14.4	13.3	11.1	11.7	11.6	11.7	11.8	10.7	12.0	12.1	11.2	9.6
Bad	28.9	29.8	30.3	34.4	33.3	34.2	35.7	37.2	38.8	37.3	37.4	39.7	41.1
Normal	56.9	55.8	56.4	54.5	55.0	54.2	52.6	51.0	50.5	50.7	50.5	49.1	49.3
Employment													
Jobs plentiful	15.3	13.7	12.4	11.4	10.0	10.4	9.4	9.8	8.7	7.8	8.6	7.2	5.7
Jobs not so plentiful	54.9	56.9	55.9	55.5	56.8	53.9	55.1	52.4	53.8	54.6	52.8	52.8	50.8
Jobs hard to get	29.8	29.4	31.7	33.1	33.2	35.7	35.5	37.8	37.5	37.6	38.6	40.0	43.5
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	12.0	10.9	12.1	11.8	14.4	27.7	25.2	24.4	27.7	24.4	25.3	23.0	18.8
Worse	29.7	29.6	25.6	28.1	24.3	10.6	9.4	11.3	9.6	9.5	10.2	10.8	13.9
Same	58.3	59.5	62.3	60.1	61.3	61.7	65.4	64.3	62.7	66.1	64.5	66.2	67.3
Employment													
More jobs	9.5	9.9	9.9	9.0	11.6	20.8	19.4	18.9	21.0	19.9	18.8	17.7	15.0
Fewer jobs	34.9	34.9	33.9	35.3	31.4	19.1	17.9	18.6	17.4	18.1	18.5	20.1	26.0
Same	55.6	55.2	56.2	55.7	57.0	60.1	62.7	62.5	61.6	62.0	62.7	62.2	59.0
Income													
Increase	19.5	22.4	22.3	19.8	20.9	23.3	20.7	21.1	20.0	23.0	20.6	23.6	20.9
Decrease	11.0	11.5	10.4	11.1	11.6	8.7	8.9	10.1	9.8	9.0	9.9	8.6	11.7
Same	69.5	66.1	67.3	69.1	67.5	68.0	70.4	68.8	70.2	68.0	69.5	67.8	67.4
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	6.3	6.5	6.2	6.0	7.5	6.6	7.7	6.9	6.2	6.4	6.5	7.4	7.8
New	3.3	2.2	2.9	3.0	3.7	3.3	4.0	3.2	3.1	4.0	3.5	3.4	3.4
Used	2.0	3.2	2.8	2.4	3.0	2.6	3.1	3.0	2.8	2.1	2.7	3.0	3.3
Uncertain	1.0	1.1	0.5	0.6	0.8	0.7	0.6	0.7	0.3	0.3	0.3	1.0	1.1
Home													
Yes	2.9	2.6	2.7	2.6	3.0	4.2	3.0	2.8	2.8	2.9	2.9	3.4	3.3
New	0.6	0.9	0.6	0.7	0.8	1.1	0.8	0.9	0.6	0.5	0.7	0.8	0.6
Lived in	1.7	1.4	1.5	1.3	1.5	2.1	1.5	1.4	1.6	2.0	1.4	1.7	1.9
Uncertain	0.6	0.3	0.6	0.6	0.7	1.0	0.7	0.5	0.6	0.4	0.8	0.9	0.8
Major appliances													
Total plans	26.0	25.3	26.9	27.4	28.0	32.5	27.8	26.9	24.7	27.9	29.5	31.6	27.3
Refrigerator	3.6	3.7	4.1	4.4	4.9	5.3	3.6	4.0	3.5	4.0	4.6	5.9	4.4
Washing machine	3.6	3.1	3.5	3.9	4.3	4.6	3.8	3.2	3.5	4.4	3.7	3.4	4.0
TV Set	7.0	6.8	7.1	6.9	6.6	8.5	6.7	7.0	5.0	6.4	7.7	7.5	6.9
Vacuum Cleaner	4.1	4.5	4.7	5.0	4.6	5.5	5.3	5.2	4.8	4.4	5.3	6.0	4.6
Range	2.9	2.3	3.0	2.7	2.9	2.9	2.7	2.7	2.8	2.9	2.4	2.8	3.0
Clothes dryer	3.2	2.7	3.0	2.9	3.1	4.0	3.8	3.2	3.4	3.2	3.4	3.1	2.9
Air conditioner	1.6	2.2	1.5	1.6	1.6	1.7	1.9	1.6	1.7	2.6	2.4	2.9	1.5
Carpet	5.9	5.1	5.6	6.2	5.7	6.8	5.9	6.7	6.3	6.7	5.6	6.7	5.3
Vacation Intended Within Six Months: Percent													
Vacation Intended	45.9		47.4		45.8		47.3		45.9		46.6		48.3
Destination													
U.S.	40.0		41.4		41.0		41.8		40.6		40.6		42.0
Foreign country	7.5		7.3		6.4		7.1		6.4		7.8		7.9
Means of Travel													
Automobile	27.7		27.9		28.5		28.4		28.2		28.2		30.4
Airplane	16.4		17.5		16.3		17.8		17.7		17.2		17.0
Other	3.9		3.7		3.9		4.4		3.0		4.4		3.3

(p)—preliminary (r)—revised

The Conference Board, 845 Third Avenue, New York, New York 10022
The Conference Board Europe, Avenue Louise, 207-Bte 5, B-1050 Brussels, Belgium
The Conference Board of Canada, 255 Smyth Road, Ottawa, Ontario, KIH-8M7

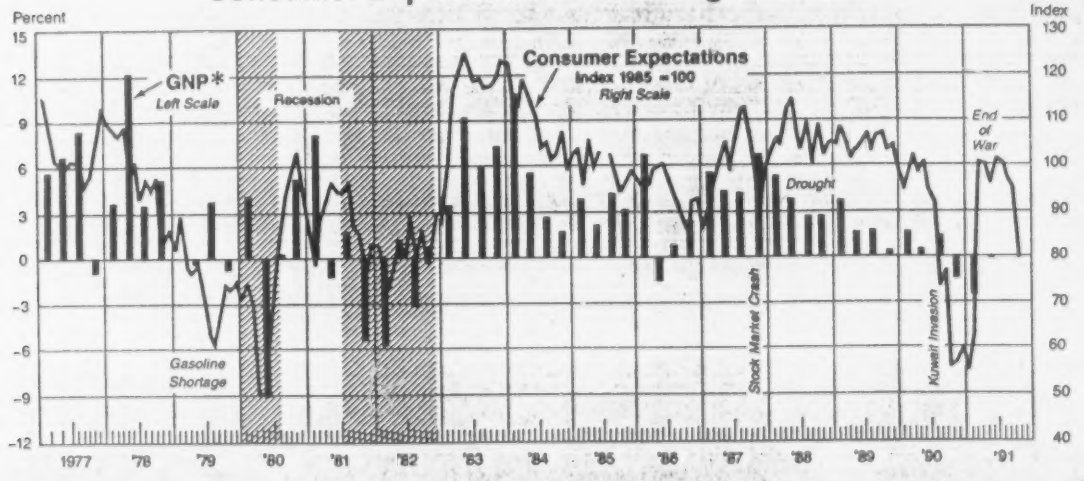
Inflation Interest Rates Stock Prices

Not Seasonally Adjusted	1990 Oct.	Nov.	Dec.	1991 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep(r)	Oct(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate Average	6.4	5.9	5.8	5.5	5.2	4.7	4.8	4.7	4.5	4.8	4.7	4.6	4.7
Interest Rates													
Higher	57.4	53.2	49.8	33.4	34.4	42.8	45.5	35.3	45.9	50.7	46.9	41.8	36.1
Same	18.0	21.9	19.9	20.8	22.2	25.3	27.9	29.2	29.6	27.9	27.5	30.2	27.0
Lower	24.6	24.9	30.3	45.8	43.4	31.9	26.6	35.5	24.5	21.4	25.6	28.0	36.9
Stock Prices													
Increase	26.8	25.8	27.4	26.3	37.8	46.6	42.8	41.7	43.7	41.8	39.3	39.5	35.3
Same	25.0	28.2	30.0	29.9	31.1	31.7	35.1	36.5	34.0	34.8	36.1	37.0	37.9
Decrease	48.2	46.0	42.6	43.8	31.1	21.7	22.1	21.8	22.3	23.4	24.6	23.5	26.8

All series seasonally adjusted	1990 Oct.	Nov.	Dec.	1991 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep(r)	Oct(p)	3 mos. Percent Change*
Consumer Confidence Index, 1985 = 100														
AGE OF HOUSEHOLD HEAD														
Under 35	81.9	80.1	73.5	66.5	65.2	90.6	92.9	92.7	87.7	91.0	92.4	86.7	73.4	-7.0
35-54	61.6	59.6	61.9	56.8	62.5	82.0	77.7	77.9	78.5	79.9	77.1	70.2	59.1	-12.7
55 and over	50.0	50.5	50.7	42.5	50.0	69.4	70.0	63.2	67.9	64.9	61.7	61.6	49.8	-11.6
HOUSEHOLD INCOME														
Under $15,000	50.7	46.4	54.2	41.4	47.0	60.3	62.1	57.8	53.3	58.2	51.7	53.1	46.0	-11.0
$15,000-24,999	55.0	62.9	55.4	49.4	54.9	72.1	76.5	75.4	71.0	67.9	78.4	69.3	56.0	-4.9
$25,000-34,999	66.7	63.4	63.0	59.3	61.9	85.3	79.5	83.1	81.6	80.6	80.4	73.5	56.8	-14.1
$35,000-49,999	69.9	73.3	64.7	63.3	64.8	87.9	83.4	77.9	88.7	85.9	81.4	78.4	70.4	-8.8
$50,000 and over	71.9	67.6	69.0	64.6	69.0	98.2	94.9	89.5	93.7	93.8	89.0	84.4	70.9	-11.8

*Percent Change: Average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.

Consumer Expectations and Changes in GNP



*Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers: 1985=100	1990 Oct.	Nov.	Dec.	1991 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep(r)	Oct(p)	AVERAGE: Aug., Sept., Oct. 1990	1991	Percent Change
NEW ENGLAND																
Consumer Confidence Index	23.0	26.3	26.9	29.6	37.3	53.5	52.1	49.8	51.2	47.9	57.6	51.2	34.8	30.6	47.9	56.7
Present Situation	9.2	10.8	8.8	6.5	3.6	3.1	5.5	6.5	4.2	5.0	7.5	4.6	2.4	20.5	4.8	-76.6
Expectations	32.2	36.7	38.9	45.0	59.8	87.1	83.2	78.7	82.5	76.6	91.1	82.3	56.4	37.3	76.6	105.5
MIDDLE ATLANTIC																
Consumer Confidence Index	56.9	47.8	47.3	46.2	48.9	72.6	66.0	65.3	65.5	60.1	61.7	61.7	47.5	67.5	57.0	-15.5
Present Situation	74.3	52.9	48.2	38.4	33.6	33.3	27.5	36.1	25.4	25.0	24.7	21.6	19.9	87.7	22.1	-74.9
Expectations	45.3	44.4	46.8	51.4	59.1	98.8	91.6	84.8	92.3	83.5	86.3	88.5	66.0	54.0	80.3	48.7
EAST NORTH CENTRAL																
Consumer Confidence Index	72.7	65.7	60.9	56.4	55.0	80.8	77.6	72.6	77.9	83.3	72.6	72.5	67.3	83.1	70.8	-14.8
Present Situation	101.2	87.4	80.6	66.7	49.9	53.4	52.7	47.4	51.8	54.2	49.9	44.6	41.1	108.6	45.2	-58.4
Expectations	53.6	51.2	47.8	49.5	58.5	99.0	94.2	89.4	95.3	102.7	87.7	91.2	84.8	66.1	87.9	33.0
WEST NORTH CENTRAL																
Consumer Confidence Index	67.2	61.0	54.3	61.1	54.5	76.5	71.6	73.7	74.5	73.4	70.4	74.5	69.1	71.5	71.4	-0.2
Present Situation	87.5	78.7	62.3	65.7	56.2	53.6	51.5	60.7	48.3	50.3	52.6	57.9	50.0	88.4	53.5	-39.5
Expectations	53.7	49.2	49.0	58.0	53.3	91.9	85.0	82.4	92.0	88.8	82.3	85.6	81.9	60.3	83.3	38.1
SOUTH ATLANTIC																
Consumer Confidence Index	74.0	69.4	63.5	59.2	69.9	86.0	85.8	84.4	86.4	85.8	84.0	84.6	69.4	89.3	79.3	-11.2
Present Situation	95.4	87.9	74.5	63.4	59.3	44.5	55.3	47.4	51.1	47.3	50.7	53.9	34.2	114.3	46.2	-59.6
Expectations	59.8	57.1	56.1	56.4	77.0	113.7	106.2	109.1	109.9	111.5	106.2	105.0	92.8	72.7	101.3	39.5
EAST SOUTH CENTRAL																
Consumer Confidence Index	55.9	47.9	64.9	50.7	58.5	85.9	77.1	61.7	73.2	79.5	72.9	67.7	60.5	74.2	67.0	-9.6
Present Situation	59.7	47.4	63.4	39.2	50.4	45.8	39.7	37.5	42.6	44.7	50.8	32.0	40.8	81.7	41.2	-49.6
Expectations	53.3	48.3	65.8	58.4	63.9	112.6	102.1	77.9	93.7	102.7	87.6	91.6	73.7	69.2	84.3	21.8
WEST SOUTH CENTRAL																
Consumer Confidence Index	63.5	71.8	70.0	60.3	66.5	84.3	75.8	73.0	76.3	67.5	65.4	73.7	64.4	77.2	67.8	-12.2
Present Situation	44.0	47.1	54.3	42.1	40.0	45.7	43.3	43.4	40.4	34.7	36.7	39.6	33.0	54.9	36.4	-33.7
Expectations	76.5	88.3	80.4	72.4	84.2	110.0	97.5	92.8	100.2	89.4	84.5	96.5	85.3	92.1	88.8	-3.6
MOUNTAIN																
Consumer Confidence Index	62.5	68.6	77.1	67.9	65.8	83.2	98.1	81.5	95.3	86.3	94.2	86.8	85.2	81.0	88.7	9.6
Present Situation	51.4	60.6	58.7	51.4	38.4	58.9	58.8	48.9	57.9	61.7	53.3	58.4	66.5	70.6	59.4	-15.9
Expectations	70.0	74.0	89.3	78.9	84.0	99.5	124.3	103.3	120.2	102.7	121.5	105.8	97.7	87.9	108.3	23.2
PACIFIC																
Consumer Confidence Index	88.0	92.0	80.0	70.3	84.9	101.1	95.8	91.0	89.5	90.6	87.2	81.2	73.9	100.6	80.8	-19.7
Present Situation	120.0	134.1	113.2	78.1	94.3	85.8	72.0	82.4	77.5	73.4	72.9	62.6	55.9	139.1	63.8	-54.1
Expectations	66.7	63.9	57.9	65.1	78.6	111.3	111.6	96.8	97.5	102.1	96.8	93.5	85.9	75.0	92.1	22.8

* Percent Change: Average of last three months shown as compared with same period year. Regional data are not adjusted for seasonal variation.